

State Treasurer

Analyst: Castro

Historical Summary

OPERATING BUDGET	FY 2005 Total App	FY 2005 Actual	FY 2006 Approp	FY 2007 Request	FY 2007 Gov Rec
BY FUND CATEGORY					
General	1,255,900	1,231,400	1,223,500	1,265,100	1,238,000
Dedicated	671,000	559,700	620,800	634,400	583,700
Total:	1,926,900	1,791,100	1,844,300	1,899,500	1,821,700
Percent Change:		(7.0%)	3.0%	3.0%	(1.2%)
BY OBJECT OF EXPENDITURE					
Personnel Costs	1,316,700	1,162,400	1,366,100	1,348,500	1,333,500
Operating Expenditures	610,200	579,300	478,200	551,000	488,200
Capital Outlay	0	49,400	0	0	0
Total:	1,926,900	1,791,100	1,844,300	1,899,500	1,821,700
Full-Time Positions (FTP)	18.00	18.00	18.00	18.00	18.00

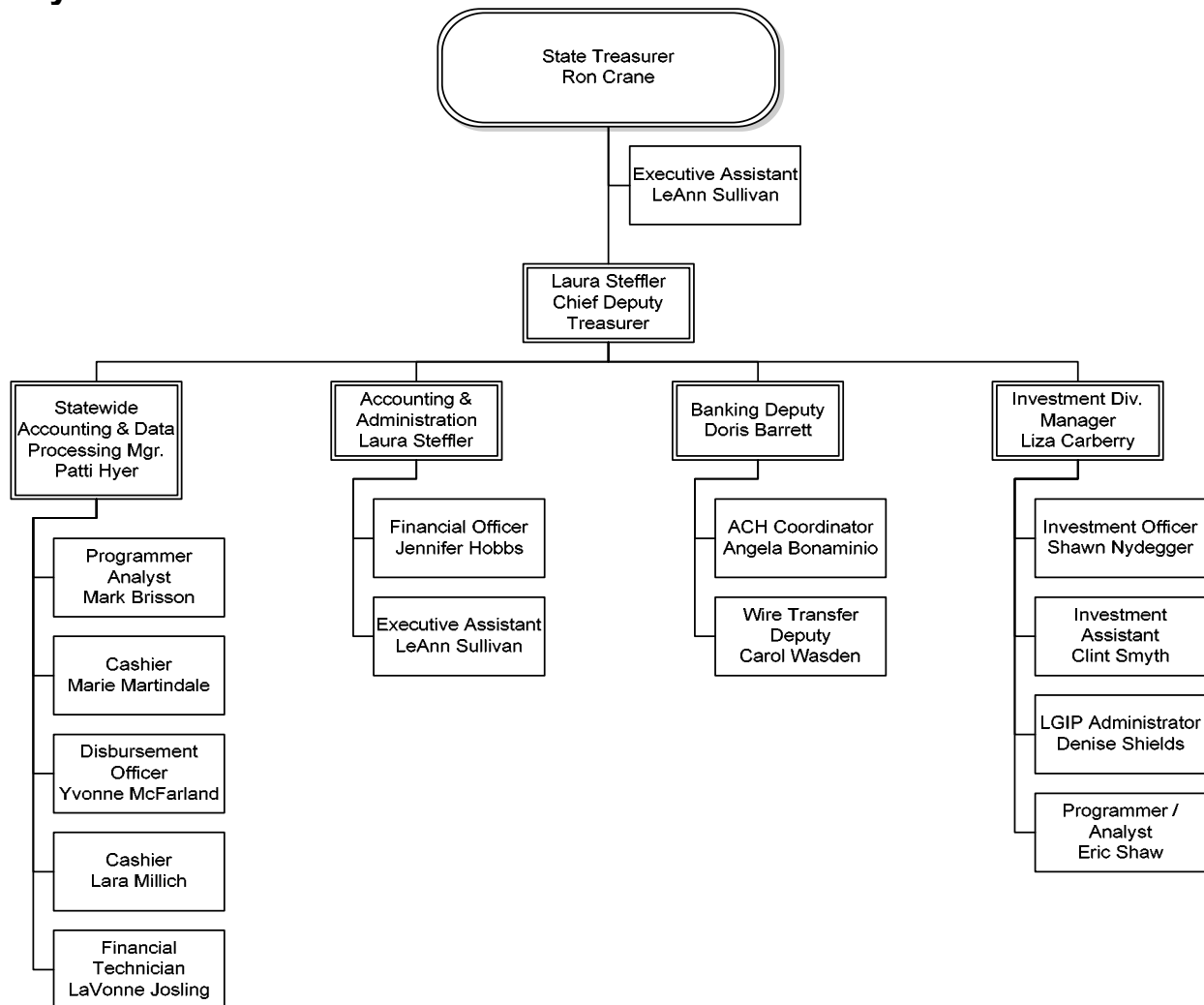
Division Description

The State Treasurer is one of seven statewide elected officials in Idaho. It is the responsibility of the State Treasurer to serve as the banker for all Idaho agencies and to act as custodian of the public school endowment funds. The constitutional and statutory duties of this office include: (1) the receiving of all revenues and fees due the state; (2) deposit of funds in banks throughout Idaho; (3) paying all accounts; and (4) investing surplus monies not needed for day-to-day operations.

[Statutory Authority: Idaho Code §67-1201 et seq.]

State Treasurer Agency Profile

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Source of Funds

**FY 2006
Original***

General Funds (0001): individual income tax, corporate income tax, sales tax, cigarette tax, beer tax, wine tax, liquor surcharge, kilowatt hour tax, mine license tax, Treasurer's interest on investments of certain idle state funds, court fees and fines, insurance premium tax, sale of alcoholic beverage licenses, unclaimed property, articles of incorporation and uniform commercial code filing fees, estate and transfer tax, and other miscellaneous sources from various agency receipts.

\$1,255,300

State Treasurer LGIP (0475-06): Derived from administrative fees collected from Local Government Investment Pool services.

\$283,900

Treasurer's Office - Professional Services (0475-07): Derived from interest earnings on state investment pool services.

\$305,100

\$1,844,300

*\$31,800 is included in General Funds for 27th payroll; however, the State Treasurer's 27th payroll was actually appropriated one-time from Economic Recovery Reserve Fund. \$7,200 is included in State Treasurer LGIP fund for 27th payroll and \$6,800 is included in Treasurer's Office-Professional Services for 27th payroll.

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2006 Original Appropriation	18.00	1,223,500	1,844,300	18.00	1,223,500	1,844,300
Reappropriations	0.00	0	95,600	0.00	0	95,600
HB 395 One-time 1% Salary Increase	0.00	6,700	10,300	0.00	6,700	10,300
Omnibus CEC Supplemental	0.00	0	0	0.00	8,100	12,100
FY 2006 Total Appropriation	18.00	1,230,200	1,950,200	18.00	1,238,300	1,962,300
Removal of One-Time Expenditures	0.00	(6,700)	(151,700)	0.00	(6,700)	(151,700)
FY 2007 Base	18.00	1,223,500	1,798,500	18.00	1,231,600	1,810,600
Benefit Costs	0.00	13,000	17,800	0.00	(13,100)	(18,000)
Inflationary Adjustments	0.00	5,700	9,100	0.00	5,700	9,100
Statewide Cost Allocation	0.00	900	900	0.00	900	900
Change in Employee Compensation	0.00	7,000	10,400	0.00	12,900	19,100
FY 2007 Program Maintenance	18.00	1,250,100	1,836,700	18.00	1,238,000	1,821,700
1. Investment Portfolio Ratings	0.00	0	35,800	0.00	0	0
2. Bond Bank	0.00	5,000	5,000	0.00	0	0
3. Tradeweb	0.00	0	12,000	0.00	0	0
4. Credit Enhancement Committee	0.00	10,000	10,000	0.00	0	0
FY 2007 Total	18.00	1,265,100	1,899,500	18.00	1,238,000	1,821,700
Change from Original Appropriation	0.00	41,600	55,200	0.00	14,500	(22,600)
% Change from Original Appropriation		3.4%	3.0%		1.2%	(1.2%)

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2006 Original Appropriation	18.00	1,223,500	620,800	0	1,844,300

Reappropriations

Carryover spending authority from FY 2005 to FY 2006 authorized in SB 1202 for one-time expenditures.

Agency Request	0.00	0	95,600	0	95,600
Governor's Recommendation	0.00	0	95,600	0	95,600

HB 395 One-time 1% Salary Increase

Agency Request	0.00	6,700	3,600	0	10,300
Governor's Recommendation	0.00	6,700	3,600	0	10,300

Omnibus CEC Supplemental

Agency Request	0.00	0	0	0	0
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The Governor's FY 2007 recommendation is a 3% ongoing increase in employee compensation (CEC), based on merit, to commence in FY 2006 with the January 29 pay period. This will allow agencies to fund employee compensation increases for ten pay periods prior to the end of the current fiscal year. Funding for the remaining 16 pay periods is provided in the FY 2007 CEC.

Governor's Recommendation	0.00	8,100	4,000	0	12,100
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FY 2006 Total Appropriation					
Agency Request	18.00	1,230,200	720,000	0	1,950,200
Governor's Recommendation	18.00	1,238,300	724,000	0	1,962,300

Removal of One-Time Expenditures

Removal of one-time expenditures including 27th payroll, 1% one-time salary increases, and the one-time reappropriation for carry over of funds.

Agency Request	0.00	(6,700)	(145,000)	0	(151,700)
Governor's Recommendation	0.00	(6,700)	(145,000)	0	(151,700)

FY 2007 Base					
Agency Request	18.00	1,223,500	575,000	0	1,798,500
Governor's Recommendation	18.00	1,231,600	579,000	0	1,810,600

Benefit Costs

Includes the employer-paid portion of estimated changes in employee benefit costs. The two biggest factors are health insurance rates and retirement rates. Health insurance is projected to increase by 6.1% or \$436 per position. Retirement rates are scheduled to increase by 5.9% from 10.39% to 11% of salary for regular employees and by 5.7% from 10.73% to 11.34% of salary for police and firefighters. Other benefit changes include minor adjustments in unemployment insurance rates and workers compensation rates.

Agency Request	0.00	13,000	4,800	0	17,800
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Removes the PERSI rate increase and changes benefit costs to reflect a 3.5% or \$250 per FTP increase in health insurance costs. However, the change in health insurance providers, from Blue Shield to Blue Cross, has created a one-time opportunity to use unexpended reserves from the previous contract. This decision unit provides for a health insurance premium reduction equal to two month's premiums for both the employer and employee. Finally, a life insurance holiday is included equal to seven month's premium for the employer's share only.

Governor's Recommendation	0.00	(13,100)	(4,900)	0	(18,000)
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Inflationary Adjustments

Includes a general inflationary increase of 1.9% in operating expenditures.

Agency Request	0.00	5,700	3,400	0	9,100
Governor's Recommendation	0.00	5,700	3,400	0	9,100

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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Statewide Cost Allocation

The Statewide Cost Allocation Plan assesses state agencies for their actual use of Attorney General, State Controller and State Treasurer services and includes changes in property and casualty insurance premiums. This decision unit also includes changes in fees charged for legislative audits and changes in the cost of office space leased to state agencies by the Department of Administration.

Agency Request	0.00	900	0	0	900
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>900</i>	<i>0</i>	<i>0</i>	<i>900</i>

Change in Employee Compensation

Calculated cost of a 1% salary increase for permanent and group positions.

Agency Request	0.00	7,000	3,400	0	10,400
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Provides funding for the remaining 16 pay periods to annualize the 3% ongoing change in employee compensation recommended in the omnibus CEC supplemental.

<i>Governor's Recommendation</i>	<i>0.00</i>	<i>12,900</i>	<i>6,200</i>	<i>0</i>	<i>19,100</i>
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FY 2007 Program Maintenance

Agency Request	18.00	1,250,100	586,600	0	1,836,700
<i>Governor's Recommendation</i>	<i>18.00</i>	<i>1,238,000</i>	<i>583,700</i>	<i>0</i>	<i>1,821,700</i>

1. Investment Portfolio Ratings

The Investment Department is requesting funds to pay for an annual rating from Standard and Poor's rating agency on the investment pools managed by the State Treasurer. Public fund management is coming under more scrutiny and having an outside, independent review of the state's investments will provide peace of mind for all taxpayers.

Agency Request	0.00	0	35,800	0	35,800
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The Governor did not choose to make a recommendation on enhancements for this Executive Branch elected official.

<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
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2. Bond Bank

The Bond Bank needs additional funds for administrative and marketing purposes. We need to get the word out that the program is available. The first issues occurred Dec. 1st 2004 and saved taxpayers over \$250,000. The STO waived its fee in order to make it beneficial to the municipalities. It is anticipated that eventually the STO will be able to charge a fee and make this a profitable program for the state.

Agency Request	0.00	5,000	0	0	5,000
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The Governor did not choose to make a recommendation on enhancements for this Executive Branch elected official.

<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
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3. Tradeweb

Tradeweb is an electronic trading system that provides an on-line auction environment for purchasing and selling securities. The system compiles real-time pricing from over 1,400 institutional brokerage firms. The Treasurer's office is currently using the Tradeweb program. The agency paid for the initial start up fees as well as the current year service fee out of current year savings, but is requesting on-going funding of \$12,000 to cover the annual service fees. The STO estimates savings by using Tradeweb to be approximately 3-5 basis points per trade. Based on the STO's annual volume of trades of about \$4-6 billion, the use of Tradeweb is estimated to save approximately \$750,000 to \$1,250,000 annually in fees.

Agency Request	0.00	0	12,000	0	12,000
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The Governor did not choose to make a recommendation on enhancements for this Executive Branch elected official.

<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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4. Credit Enhancement Committee

During the 2005 session the legislature enacted legislation creating the Credit Rating Enhancement Committee, Section 67-1244, Idaho Code. The purpose of the committee is to advise the Governor and the Legislature regarding policies and actions that enhance and preserve the State's credit rating, as well as maintain the future availability of low cost of capital financing. This request is for funding to hire a financial consultant who will assist the State Treasurer in implementing and maintaining this committee on an on-going basis.

Analyst Comment: SB 1076 authorizing creation of the Credit Rating Enhancement Committee estimated a total fiscal impact of \$1,000.

Agency Request	0.00	10,000	0	0	10,000
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The Governor did not choose to make a recommendation on enhancements for this Executive Branch elected official.

Governor's Recommendation	0.00	0	0	0	0
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FY 2007 Total					
Agency Request	18.00	1,265,100	634,400	0	1,899,500
Governor's Recommendation	18.00	1,238,000	583,700	0	1,821,700

Agency Request

Change from Original App	0.00	41,600	13,600	0	55,200
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% Change from Original App	0.0%	3.4%	2.2%		3.0%
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Governor's Recommendation

Change from Original App	0.00	14,500	(37,100)	0	(22,600)
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% Change from Original App	0.0%	1.2%	(6.0%)		(1.2%)
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